



consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE

Office of Consumer Affairs

Virginia H. Knauer, Director

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White House watch dog

At the request of President Ford, Congress has voted to establish an anti-inflation agency within the White House. The new agency—**Council on Wage & Price Stability**—will monitor wages & prices in an effort to ward off excessive increases. While the council will be able to hold public hearings, it will not have power to set up wage or price controls.

Consumers at the summit

Consumers will be represented in many phases of the summit meeting on the national economy, scheduled for Sept. 27-28 in Washington. President Ford will be preside at the meeting. **Office of Consumer Affairs (OCA)** Director Virginia Knauer has been involved in Cabinet meetings planning the summit. OCA has been asked to submit suggestions for consumer representatives to be invited to pre-summit planning sessions early this month. In addition, OCA will participate in Health, Education & Welfare Dept.'s pre-summit discussions.

Consumer agency bill

The U.S. Senate is now in the count-down process of deciding whether to vote on the merits of legislation to establish an Agency for Consumer Advocacy (previously called Consumer Protection Agency). On Sept. 19 the Senate will decide whether to end a filibuster against the measure. The legislation, if it becomes law, would give the new agency authority to represent consumers before Federal agencies & courts. Consumer advocates maintain that such representation is largely missing &, therefore, the new agency is necessary. Opponents basically maintain that Congress itself—not an agency—is supposed to insure that consumer interests are well represented.

Thus far 3 cloture votes to end debate have been taken. The last vote on August 20 failed by 3 votes. Cloture, meaning a limit on debate, requires a 2/3 vote of those Senators present & voting.

If the cloture vote is successful on Sept. 19, this will mean that a giant step has been taken toward establishment of the agency. The House of Representatives has already passed the bill by a 293-94 vote. If the cloture vote fails, then passage of this legislation during the current Congressional session is doomed.

Complaint conference

A joint conference of businessmen, government leaders, consumer representatives & educators will meet in Washington, Sept. 11-13, to examine a range of practical ways to resolve consumers' complaints. Both government & corporate complaint-handling systems will be discussed at the 3-day Public Policy Forum on Consumer Complaints, which is being co-sponsored by George Washington University, Council of Better Business Bureaus & **Office of Consumer Affairs**.

Gold

President Ford has signed a new law that, for the first time in 40 years, will give Americans the right to buy & sell gold bullion (uncoined gold in bars or ingots). What will this mean to consumers, especially small investors? Briefly: Buying gold can be risky for the average consumer. Some large investors have lost fortunes through gold speculation.

CONSUMER NEWS talked to **Treasury Dept.**; Samuel Weiss & Co., a brokerage firm that will be selling gold; Merrill Lynch, Pierce, Fenner & Smith, another brokerage firm; Englehard Industries & Handy & Harmon, 2 firms that manufacture gold for industrial & commercial use; Republic National Bank of New York, a bank which handles transactions in gold; & New York Commodity Exchange, one of several markets that will handle gold "contracts." Here's a summary:

- ▶ **CN:** When can consumers start buying gold?

TREASURY: Under the provisions of the new law, the Treasury Dept. has the authority to determine when the buying & selling of gold can begin, but the law states that if the Treasury does not act before Dec. 31, 1974, the law goes into effect automatically on that date.

- ▶ **CN:** Who will be able to buy gold?

TREASURY: When the new law takes effect, any consumer who wants to buy gold can do so.

- ▶ **CN:** Who will be selling gold?

ENGLEHARD: Gold will be sold by a range of institutions—banks, brokerage firms, coin dealers, certain wholesalers, possibly even department stores.

- ▶ **CN:** In what quantities can gold be bought?

WEISS: This gold will be sold in amounts ranging from less than 1 ounce to 400 ounces.

- ▶ **CN:** Aside from gold pieces (called ingots), will there be any other way to purchase gold?

REPUBLIC NATIONAL BANK: In addition to ingots—& larger pieces called bars—consumers will be able to buy gold in 2 other forms. One is the certificate, say for \$10, which consumers buy & accumulate & then turn in for actual gold. The other way consumers will be able to invest in gold is through the commodity exchange.

- ▶ **CN:** How can consumers invest in gold as a commodity?

COMMODITY EXCHANGE: Consumers can buy gold "futures." This means that through a stock broker a consumer can purchase a gold contract of 100 ounces & put down a "margin" payment (about 10%). The contract is for a specified future month (up to 17 months from the month it was purchased), but by the time the gold is ready for delivery the price may have gone up or—this is important—the price may have gone down. One of the important points about buying gold contracts is that you can sell them at any time & never have to take delivery of the gold. To offer more information on buying gold contracts, the New York Commodity Exchange is preparing a booklet that will explain what a gold contract is & will give a glossary of terms used in commodity exchanges. The booklet will be available in the late fall. To get a copy, write to Commodity Exchange Inc., 81 Broad St., New York, NY 10004.

MERRILL LYNCH: Gold futures, however, can be very speculative & because of the money involved, they are principally designed for large investors. For this reason, consumers who are considering buying gold contracts should talk to their brokers about the risks before making any decisions in this area.

- ▶ **CN:** Many consumers consider gold a hedge against inflation. Is this true?

HANDY & HARMON: The theory is that the price of gold goes up faster than the rate of inflation. But unlike silver, the price of gold is not determined by supply & demand alone. At present, much more gold is produced than is used for industrial & commercial purposes. Therefore, what drives up the price is speculation which, as you know, can be very risky.

► CN: There certainly is an abundance of books & reports on how investments in gold stocks have paid off handsomely in the past several years. Won't the same payoff occur with gold, particularly if inflation keep up?

TREASURY: In the last few years, most commodities have gone up, & some very substantially. But even during this recent period of higher & higher prices, commodities have fluctuated, going up & down in price several times. As a commodity, however, gold has one unique feature. Unlike all other commodities where speculation is based on demand outstripping supply, speculation in gold is based upon hoarding. Right now, the gold stocks held off the market (by governments & private sources) are many times the annual production of gold. If this gold that is now sitting in warehouses is ever put onto the market, the price could drop substantially.

► CN: Why can gold be a risky purchase?

TREASURY: There are several reasons. First, you do not know what it is going to be worth when you are ready to sell it. When you buy a commodity—such as gold or corn or wheat—the price changes daily. Second, the price for the small investor will be marked up because you will be buying in small quantity. Those who pay the price quoted in the financial papers buy in large quantity—thousands of ounces. You, however, will have to pay retail prices, which are naturally higher. Dealers also have “sell” prices for the small investor; so when you sell, the price for your gold will be lower than the purchase price being quoted. And third, while you are holding onto your gold you will not be making any income on it as you would with money in a savings account. In addition, you will probably have to pay to store the gold (in a safety deposit box); you will also have paid interest if you borrowed money to buy the gold.

► CN: What suggestions would you give to consumers interested in buying gold?

ENGLEHARD: First & foremost, buy from a reputable dealer. Large banks, commodity exchanges & companies that manufacture & sell gold have high standards for insuring its quality. This is important because the markings that indicate the gold's quality can be easily falsified. Also, never buy gold through the mail. When silver was advertised through mail orders, many consumers who thought they were getting a bargain were defrauded because their orders were never filled. The same thing could happen with gold.

TREASURY: If you are going to buy gold bullion, there are certain markings you should look for on the ingot. First, look for the stamp of the company that made the gold. All quality gold ingots or bars have this stamp. Also, look for the “fineness” which indicates the percentage of gold in the bar. This number can range from .995 to .9999 (the best). Finally, look for the weight of the gold. The weight should be marked on the ingot in a permanent way.

For more information, you should speak to officials in your bank or to your stock broker. In addition, you may want to contact the commodity exchange in your area for information about companies that are selling gold & about buying gold contracts.

Can't can it? Freeze it

With so many families canning fruits & vegetables this summer [CONSUMER NEWS, Aug. 1], consumers are now facing a shortage of home canning equipment. Investigating the shortage, Office of Consumer Affairs (OCA) Director Virginia Knauer met with representatives of canning equipment manufacturers & representatives of Commerce & Agriculture Depts.

Canning supplies are limited because manufacturers cannot buy enough soda ash (used in making canning jars) or enough tin plate (used in making jar lids). Mrs. Knauer said manufacturers & Commerce & Agriculture are working on details now to avoid a shortage next year.

If you cannot get enough jars & lids this canning season, OCA offers these suggestions:

- Do not use substitutes, such as old mayonnaise jars, & do not use old lids. With improper equipment, you risk illness.
- Use your fruits for making jellies. These do not require canning jars (use any jar that can be sterilized) or special lids (seal with paraffin).
- Freeze your fruits & vegetables if you have a home freezer.

(Continued on back page)

Consumers report moving experiences

Interstate Commerce Commission (ICC) is now requiring movers of household goods who are engaged in interstate commerce to give consumers a booklet containing—along with other information—a questionnaire that will help ICC to rate each mover's performance.

The booklet, *Summary of Information for Shippers of Household Goods, Form BOp 103, Revised 1974*, must be given to the customer before a contract is signed. ICC hopes consumers will keep the booklet in a safe place until the move is completed & then mail the completed questionnaire to the commission. Beginning in February 1975, movers will be required to give prospective customers performance reports prepared by ICC & based on consumers' replies to the questionnaire.

The questionnaire asks consumers to identify the moving company & to give "Yes" or "No" answers to such questions as:

- Was shipment picked up & delivered within agreed-upon dates shown on bill of lading?
- Were the actual transportation charges within 10% of the mover's estimate?
- Were goods lost or damaged? Were claims filed? What were results of such filing?

The booklet also gives helpful suggestions on selecting movers, although it does not recommend or rate individual movers. It lists moving do's & don'ts, explains how weight is computed & checked, provides money-saving moving tips, recommends packing methods & gives the address of your nearest ICC field office in case you need additional assistance.

If you are not ready to contact a mover but would like to have the booklet, copies are available, at 55¢ each, from Superintendent of Documents, Government Printing Office, Washington, DC 20402; include entire title given above.

Freeze these

(Continued from page 3)

According to Agriculture, the following can be frozen:
Vegetables—asparagus, beets, broccoli, brussels sprouts, cabbage (& Chinese cabbage), carrots, cauliflower, celery, corn, green beans, green soybeans, kohlrabi, lima beans, mushrooms, okra, peas, peppers, pimientos, pumpkins, snap beans, spinach & other greens (chard, collards, kale, etc), squash, sweet potatoes, tomatoes, turnips.

Fruits—apples, apricots, avocados, berries (all), cherries, currants, dates, figs, grapefruit, grapes, melons, nectarines, oranges, peaches, pears, persimmons, pineapples, plums, rhubarb. For recipes, you may want to order Agriculture's *Home Freezing of Fruits & Vegetables* (# 267B, 50¢) from Consumer Information Center, Pueblo, CO 81009.

Note

In Aug. 15 CONSUMER NEWS, there was a typographical error in the toll-free hotline for Consumer Product Safety Commission. The correct number is 800-638-2666.

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